

**REPORT OF THE AUDIT OF THE  
LOGAN COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2004**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE LOGAN COUNTY FISCAL COURT**

**June 30, 2004**

The Auditor of Public Accounts has completed the audit of the Logan County Fiscal Court for fiscal year ended June 30, 2004. We have issued an unqualified opinion on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

#### **Financial Condition:**

The county had total net assets of \$4,730,355 as of June 30, 2004. The fiscal court had unrestricted net assets of \$2,714,518 in its governmental activities as of June 30, 2004, with total net assets of \$4,703,045. In its enterprise fund, total net cash and cash equivalents were \$19,455 with total net assets of \$27,310. Total debt principal as of June 30, 2004, was \$4,737,208 with \$137,553 due within the next year.

#### **Report Comments:**

- The Fiscal Court Should Repay The Jail Canteen Fund \$188 For Inmate Medical Treatment
- The Fiscal Court Should Repay The Jail Canteen Fund \$1,990 For Inmate Hygiene Products

#### **Deposits:**

As of June 30, 2004, the fiscal court's deposits were insured and collateralized by bank securities.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
Robbie Rudolph, Secretary  
Finance and Administration Cabinet  
Honorable John H. Guion, III, Logan County Judge/Executive  
Members of the Logan County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Logan County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Logan County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The county has elected to implement Governmental Accounting Standards Board Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.



To the People of Kentucky  
Honorable Ernie Fletcher, Governor  
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The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Logan County, Kentucky's basic financial statements. The accompanying supplementary information and combining fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2005, on our consideration of Logan County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the schedule of comments and recommendations, included herein, which discusses the following report comments:

- The Fiscal Court Should Repay The Jail Canteen Fund \$188 For Inmate Medical Treatment
- The Fiscal Court Should Repay The Jail Canteen Fund \$1,990 For Inmate Hygiene Products

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
July 6, 2005



LOGAN COUNTY OFFICIALS

For The Year Ended June 30, 2004

**Fiscal Court Members:**

John H. Guion, III	County Judge/Executive
Harold Prince	Magistrate
Curtis Watkins	Magistrate
Dickie Carter	Magistrate
Ranny Adler	Magistrate
Jo Orange	Magistrate
Harris Dockins	Magistrate

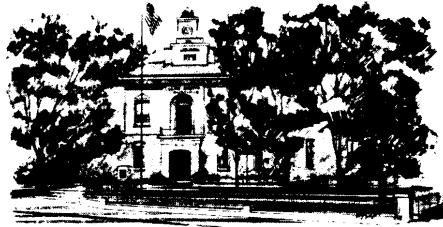
**Other Elected Officials:**

Thomas A. Noe, III	County Attorney
Bill Jenkins	Jailer
Kenny M. Chapman	County Clerk
Sherry Wilkins	Circuit Court Clerk
Wallace Whittaker	Sheriff
Ben Brown	Property Valuation Administrator
Jackie Dunlap	Coroner

**Appointed Personnel:**

Elaine Jenkins	County Treasurer
Karen Taylor	Finance Officer





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## **Management's Discussion and Analysis**

### **June 30, 2004**

The financial management of Logan County, Kentucky offers readers of Logan County's financial statements this narrative overview and analysis of the financial activities of Logan County for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our financial statements and the notes to the financial statements.

### **Financial Highlights.**

- Logan County had net assets of \$4,730,355 as of June 30, 2004. The fiscal court had unrestricted net assets of \$2,714,518 in the governmental activities as of June 30, 2004, with total net assets of \$4,703,045. In the enterprise fund, cash and cash equivalents were \$19,455 with total net assets of \$27,310. Total debt for governmental activities as of June 30, 2004 was \$4,737,208 with \$137,553 due within one year.
- The governmental activities total net assets increased by \$1,146,213 from the prior year. This increase is primarily due to revenue gain attributed to implementation of an occupational/net profits tax in October 2003.
- As the close of the current fiscal year, Logan County governmental funds reported current assets of \$2,714,518. Of this amount, \$2,471,751 is available for spending at the government's discretion (unreserved fund balance).
- Logan County's total indebtedness at the close of fiscal year June 30, 2004 was \$4,737,208, of which \$4,599,655 is long-term debt (due after 1 year) and \$137,553 is short-term debt (to be paid within 1 year). Debt additions were \$0, and debt reductions were \$209,360 for a net decrease of \$209,360 for the year.

### **Overview of the Financial Statements.**

This management discussion and analysis is intended to serve as an introduction to Logan County's basic financial statements. Logan County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. The schedules do not include prior and current comparisons of general revenues by major source, and program expenses by function. This is the first year of implementation and these comparisons will be presented next year.

**Logan County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Logan County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on Logan County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Logan County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as timing for recognizing revenues, expenses, and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund activities.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or significant portion of their costs through user fees and charges (*business-type activities*). Logan County's governmental activities include general government, protection to persons and property, roads, recreation, social services, airport, debt service, capital projects, and administration. Logan County has one business type activity—Jail Canteen.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Logan County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements. All of the funds of Logan County can be divided into broad categories: *governmental funds and proprietary funds*.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Because focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

**Logan County**  
**Management's Discussion and Analysis**  
**June 30, 2004**  
**(Continued)**

By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund **Governmental Funds (Continued).**

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Logan County maintains (11) eleven individual governmental funds. Information is presented separately for the major funds and combined for the non-major governmental in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Major Funds:

- General Fund
- Road and Bridge Fund
- Jail Fund
- Occupational Tax/Net Profit Tax Fund
- Public Hospital Corporation Fund
- Public Properties Corporation Fund

Non-major Funds:

- Local Government Economic Assistance Fund
- Community Development Block Grant Fund
- Solid Waste/Recycling Fund
- Life Skills Revolving Loan Fund
- 911 Fund

Logan County adopts an annual appropriated budget for its major governmental funds except for the Public Properties Corporation Fund. A budgetary comparison statement has been provided for the General Fund, Road and Bridge Fund, Jail Fund, Occupational Tax/Net Profits Tax Fund, and Public Hospital Corporation Fund to demonstrate compliance with their budgets.

**Proprietary Funds.** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Logan County's Enterprise fund.

Enterprise Fund:

Jail Canteen Fund - The Jailer maintains this enterprise fund to account for the sale of snacks, sodas, and other items to inmates.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

**Logan County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

**Net Assets (Continued).**

Table 1  
Logan County's Net Assets  
\*For Period Ending June 30, 2004\*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	2004	2004	2004
<b>Assets</b>			
Current and other assets	\$2,714,518	\$19,455	\$2,733,973
Capital assets	<u>6,725,735</u>	<u>7,855</u>	<u>6,733,590</u>
Total Assets	9,440,253	27,310	9,467,563
<b>Liabilities</b>			
Current and other liabilities	137,553	0	137,553
Long-term liabilities	<u>4,599,655</u>	<u>0</u>	<u>4,599,655</u>
Total liabilities	<u>4,737,208</u>	<u>0</u>	<u>4,737,208</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,988,527	7,855	1,996,382
Restricted	0	0	0
Unrestricted	<u>2,714,518</u>	<u>19,455</u>	<u>2,733,973</u>
Total Net Assets	<u>\$4,703,045</u>	<u>\$27,310</u>	<u>\$4,730,355</u>

**Changes in Net Assets.**

*Governmental Activities.* Logan County's net assets increased by \$1,146,213 in fiscal year 2004. Key elements of this are as follows:

- Current Assets Increased \$581,567. Due To Increased Tax Revenue and Conservative Spending.
- Investment in Capital Assets And Infrastructure. Net of Related Debt Increased \$564,646 Primarily Due To Logan County's Paying Down Existing Debt While Purchasing New Capital Assets Without Incurring New Debt.
- Current and Long Term Liabilities Decreased By \$209,360. Due to Payment of Principal on Debt.
- General Revenues Were \$3,386,588 And Total Revenues Were \$7,468,813 As Reflected In The Statement of Activities.
- Expenditures Totaled \$6,322,600 As Reflected In The Statement of Activities.

**Logan County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

- \* In subsequent years, this chart will compare the previous year's Net Assets to those of the year being audited. Since this is the first year Logan County has prepared Financial Statements following GASB Statement 34, comparisons are not available.

**Changes In Net Assets (Continued).**

*Business-type Activities.* Logan County's net assets decreased by \$3,919 in fiscal year 2004. Key elements are as follows:

- Current Assets And Cash Decreased By \$11,774.
- Investment in Capital And Infrastructure Net of Related Debt Increased By \$7,855.
- Total Revenue Were \$112,909 As Reflected In The Statement of Activities.
- Expenditures Totaled \$116,828 As Reflected In The Statement of Activities.

**Financial Analysis of the County's Funds.**

As noted earlier, Logan County uses fund accounting to ensure and demonstrate compliance with legal and statutory requirements.

*Governmental Funds Overview.* The focus of Logan County governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of June 2004 fiscal year, the combined ending fund balances of County governmental funds were \$2,714,518. Approximately 91% (\$2,471,751) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$242,767) has been encumbered at year-end.

The County has (6) six major governmental, and (5) non-major funds.

**Major Funds**

- General Fund
- Road and Bridge Fund
- Jail Fund
- Occupational Tax/Net Profit Tax Fund
- Public Hospital Corporation Fund
- Public Properties Corporation Fund

**Non-major Funds**

- Local Government Economic Assistance Fund
- Community Development Block Grant Fund
- Solid Waste/Recycling Fund
- Life Skills Revolving Loan Fund
- 911 Fund

**Logan County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

1. The General Fund is the chief operating fund of Logan County. At the end of June 30, 2004 fiscal year, unreserved fund balance of the General Fund was \$176,114. The County received \$1,322,936 in real and personal property, motor vehicle, and other taxes for approximately 44% of the county's general revenues. Logan County received \$1,492,627 in intergovernmental revenues, which

**Financial Analysis of the County's Funds (Continued).**

*Governmental Funds Overview (Continued).*

accounts for approximately 49% of the County's revenue. Various other service fees and miscellaneous revenues contribute to the remaining 7% of revenues.

2. The Road and Bridge Fund is the fund related to County road and bridge construction and maintenance. The Road and Bridge Fund had a \$536,184 fund balance at June 30, 2004. The fiscal year 2004 expenditures for Road and Bridge Fund were \$1,723,408.
3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund had a balance at June 30, 2004 of \$77,558. The Jail Fund received \$572,510 for intergovernmental fees, primarily for housing prisoners. The General Fund contributed \$1,271,000 to the jail operations.
4. The Occupational Tax/Net Profit Tax Fund is used to account for the collection and distribution of occupational and net profit taxes collected. The Occupational Tax/Net Profit Tax Fund had a fund balance at June 30, 2004 of \$327,346.
5. The Logan County Public Hospital Corporation Fund had a fund balance of \$903,066 as of June 30, 2004.
6. The Logan County Public Properties Corporation Fund had a fund balance of \$448,563 as of June 30, 2004.
7. The Local Government Economic Assistance Fund had a fund balance of \$3,138, a decrease of \$16,503 over the previous fiscal year end.
8. The Community Development Block Grant Fund had a fund balance of \$0 as of June 30, 2004.
9. The Solid Waste/Recycling Fund is used to account for the revenues and expenditures related to Logan County's solid waste and recycling activities. The Solid Waste/Recycling Fund had a fund balance of \$78,486 as of June 30, 2004.
10. The Life Skills Revolving Loan Fund had a fund balance of \$15,068 as of June 30, 2004.
11. The 911 Fund is used to account for 911 related fees and taxes as well as 911 related expenditures. The 911 Fund had a fund balance of \$42,566 as of June 30, 2004.



**Logan County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

*Proprietary Funds Overview.* The County's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

Logan County has (1) one enterprise-type proprietary fund:

- Jail Canteen Fund

**Financial Analysis of the County's Funds (Continued).**

*Proprietary Funds Overview. (Continued)*

The Jail Canteen Fund's unrestricted net assets at the end of June 30, 2004 fiscal year, amounted to \$19,455 and total assets were \$27,310.

**General Fund Budgetary Highlights.**

Logan County's general fund budget was amended by \$222,929 during the fiscal year; however, budgetary transfers of \$1,355,796 were made to other funds.

Actual revenues were \$64,667 under the budget. This variance was due to less Intergovernmental Revenue and estimates were conservative for anticipated expenditures. Expenditures on some grants were not reimbursed until after the end of the fiscal year, and the interest on investments remains depressed.

**Capital Assets and Debt Administration.**

*Capital Assets.* Logan County's investment in capital assets for its governmental and business type activities as of June 30, 2004, amount to \$6,733,590 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, and infrastructure.

Major capital asset events during the 2004 fiscal year included the continued construction of roads and bridges as well as the purchase of heavy equipment for road operations, and the purchase of several vehicles for various departments.

Additional information of the County's capital assets can be found in Note 3 of this report.

Table 2  
Logan County's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	Business-type Activities	Total
--	----------------------------	-----------------------------	-------

	2004	2004	2004
Infrastructure Assets	\$540,208	\$ 0	\$540,208
Land & Land Improvements	364,584		364,584
Buildings	4,874,500		4,874,500

**Logan County  
Management's Discussion and Analysis  
June 30, 2004  
(Continued)**

Vehicles	262,966		262,966
Equipment	<u>683,477</u>	<u>7,855</u>	<u>691,332</u>
Total Net Capital Assets	<u>\$6,725,735</u>	<u>\$7,855</u>	<u>\$6,733,590</u>

**Capital Assets and Debt Administration. (Continued).**

*Long-Term Debt.* At the end of the 2004 fiscal year, Logan County had total bonded debt outstanding of \$4,680,000 from General Obligation Bonds. The County has (1) one financing obligation totaling \$57,208.

**Other Matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2005 fiscal year budget:

- The 2005 Fiscal Year Adopted Budget Continues Most Services At Current Levels.
- Program Cuts At The State Level, Particularly Relating To The Cost Of Housing Prisoners, May Have A Negative Impact On Funding For County Programs.
- Economic Factors Indicate Continued Growth For Logan County.

**Requests For Information.**

This financial report is designed to provide a general overview of Logan County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this or requests for additional financial information should be addressed to the Logan County Judge/Executive, P.O. Box 365, Russellville, Ky. 42276.

**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**



**LOGAN COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,714,518	\$ 19,455	\$ 2,733,973
Total Current Assets	<u>2,714,518</u>	<u>19,455</u>	<u>2,733,973</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Land	364,584		364,584
Buildings	4,874,500		4,874,500
Vehicles	262,966		262,966
Equipment	683,477	7,855	691,332
Infrastructure Assets - Net of Depreciation	<u>540,208</u>		<u>540,208</u>
Total Noncurrent Assets	<u>6,725,735</u>	<u>7,855</u>	<u>6,733,590</u>
Total Assets	<u>9,440,253</u>	<u>27,310</u>	<u>9,467,563</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Bonds Payable	130,000		130,000
Financing Obligations Payable	<u>7,553</u>		<u>7,553</u>
Total Current Liabilities	<u>137,553</u>		<u>137,553</u>
Noncurrent Liabilities:			
Bonds Payable	4,550,000		4,550,000
Financing Obligations Payable	<u>49,655</u>		<u>49,655</u>
Total Noncurrent Liabilities	<u>4,599,655</u>		<u>4,599,655</u>
Total Liabilities	<u>4,737,208</u>		<u>4,737,208</u>
<b>NET ASSETS</b>			
Invested in Capital Assets,			
Net of Related Debt	1,988,527	7,855	1,996,382
Unrestricted	<u>2,714,518</u>	<u>19,455</u>	<u>2,733,973</u>
Total Net Assets	<u>\$ 4,703,045</u>	<u>\$ 27,310</u>	<u>\$ 4,730,355</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**

**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,813,708	\$ 23,314	\$ 1,277,993	\$ 221,325
Protection to Persons and Property	1,831,662	491,826	265,576	
General Health and Sanitation	214,320	85,905		
Social Services	43,011			
Recreation and Culture	15,740			
Roads	751,815		192,240	1,524,046
Airports	17,166			
Interest on Long and Short Term Debt	241,980			
Capital Projects	393,198			
Total Governmental Activities	6,322,600	601,045	1,735,809	1,745,371
Business-type Activities:				
Jail Canteen	116,828	112,466		
Total Business-type Activities	116,828	112,466		
Total Primary Government	\$ 6,439,428	\$ 713,511	\$ 1,735,809	\$ 1,745,371

**General Revenues:**

Taxes:

    Real Property Taxes

    Personal Property Taxes

    Motor Vehicle Taxes

    Occupational/Net Profit Taxes

    Other Taxes

In-Lieu of Tax

Miscellaneous Revenues

Telephone Commissions

Reimbursements

Interest Received

Loss on Disposal of Property

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.



**LOGAN COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (1,291,076)		\$ (1,291,076)
(1,074,260)		(1,074,260)
(128,415)		(128,415)
(43,011)		(43,011)
(15,740)		(15,740)
964,471		964,471
(17,166)		(17,166)
(241,980)		(241,980)
(393,198)		(393,198)
(2,240,375)		(2,240,375)
	(4,362)	(4,362)
	(4,362)	(4,362)
\$ (2,240,375)	\$ (4,362)	\$ (2,244,737)
747,028		747,028
153,709		153,709
135,176		135,176
1,318,210		1,318,210
630,365		630,365
157,752		157,752
107,199		107,199
30,570		30,570
35,660		35,660
71,269	443	71,712
(350)		(350)
3,386,588	443	3,387,031
1,146,213	(3,919)	1,142,294
3,556,832	31,229	3,588,061
\$ 4,703,045	\$ 27,310	\$ 4,730,355

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**

**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2004**

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Jail Fund</b>	<b>Occupational Tax Fund</b>	<b>Public Hospital Corporation Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 282,543	\$ 536,184	\$ 77,558	\$ 327,346	\$ 903,066
Total Assets	<u>\$ 282,543</u>	<u>\$ 536,184</u>	<u>\$ 77,558</u>	<u>\$ 327,346</u>	<u>\$ 903,066</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	\$ 106,429	\$ 62,113	\$ 49,615	\$ 618	\$
Unreserved:					
General Fund	176,114				
Special Revenue Funds		474,071	27,943	326,728	903,066
Debt Service Fund					
Total Fund Balances	<u>\$ 282,543</u>	<u>\$ 536,184</u>	<u>\$ 77,558</u>	<u>\$ 327,346</u>	<u>\$ 903,066</u>

The accompanying notes are an integral part of the financial statements.

**LOGAN COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2004**  
**(Continued)**

	<b>Public Properties Corporation Fund</b>	<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 448,563	\$ 139,258	\$ 2,714,518
Total Assets	<u>\$ 448,563</u>	<u>\$ 139,258</u>	<u>\$ 2,714,518</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	\$	\$ 23,992	\$ 242,767
Unreserved:			
General Fund			176,114
Special Revenue Funds		115,266	1,847,074
Debt Service Fund	448,563		448,563
Total Fund Balances	<u>\$ 448,563</u>	<u>\$ 139,258</u>	<u>\$ 2,714,518</u>

**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets**

Total Fund Balances	\$ 2,714,518
Amounts Reported For Governmental Activities In The Statement	
Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources	
And Therefore Are Not Reported in the Funds.	9,849,650
Accumulated Depreciation	(3,123,915)
Long- term debt is not due and payable in the current period and, therefore, is not reported in the funds.	
Due Within One Year - Bonds and Financing Obligations Principal	(137,553)
Due In More Than One Year - Bonds and Financing Obligations Principal	<u>(4,599,655)</u>
Net Assets Of Governmental Activities	<u>\$ 4,703,045</u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**





**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<b>General Fund</b>	<b>Road And Bridge Fund</b>	<b>Jail Fund</b>	<b>Occupational Tax/Net Profit Tax Fund</b>
<b>REVENUES</b>				
Taxes	\$ 1,322,936	\$	\$	\$ 1,318,210
In Lieu Tax Payments	157,752			
Licenses and Permits	5,314			
Intergovernmental	1,492,627	1,716,286	572,510	
Charges for Services			33,566	
Miscellaneous	39,625	1,367	38,671	10,065
Interest	16,209	19,082	805	598
Total Revenues	<u>3,034,463</u>	<u>1,736,735</u>	<u>645,552</u>	<u>1,328,873</u>
<b>EXPENDITURES</b>				
General Government	1,862,413	305		54,456
Protection to Persons and Property	189,605		1,274,971	
General Health and Sanitation	18,878			
Social Services	34,386			
Recreation and Culture				
Roads		1,230,993		
Airports				
Debt Service	9,425	434		
Capital Projects		303,873		
Administration	238,210	187,803	244,350	3,571
Total Expenditures	<u>2,352,917</u>	<u>1,723,408</u>	<u>1,519,321</u>	<u>58,027</u>
Excess (Deficiency) of Revenues Expenditures Before Transfers and Financing Sources (Uses)	<u>681,546</u>	<u>13,327</u>	<u>(873,769)</u>	<u>1,270,846</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds	940,000		1,271,000	35,000
Transfers To Other Funds	(1,355,796)		(335,527)	(978,500)
Total Other Financing Sources (Uses)	<u>(415,796)</u>		<u>935,473</u>	<u>(943,500)</u>
<b>Special Item</b>				
Proceeds from disposal of capital assets	<u>1,250</u>			
Net Change in Fund Balances	267,000	13,327	61,704	327,346
Fund Balances - Beginning (Restated)	15,543	522,857	15,854	
Fund Balances - Ending	<u>\$ 282,543</u>	<u>\$ 536,184</u>	<u>\$ 77,558</u>	<u>\$ 327,346</u>

The accompanying notes are an integral part of the financial statements.

**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**  
**(Continued)**

	<b>Public Hospital Corporation Fund</b>	<b>Public Properties Corporation Fund</b>	<b>Non- Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$	\$	\$ 343,189	\$ 2,984,335
In Lieu Tax Payments				157,752
Licenses and Permits			71,675	76,989
Intergovernmental			190,027	3,971,450
Charges for Services				33,566
Miscellaneous		6,250	77,824	173,802
Interest	15,494	16,143	2,938	71,269
Total Revenues	<u>15,494</u>	<u>22,393</u>	<u>685,653</u>	<u>7,469,163</u>
<b>EXPENDITURES</b>				
General Government			25,500	1,942,674
Protection to Persons and Property			424,264	1,888,840
General Health and Sanitation			160,359	179,237
Social Services			8,625	43,011
Recreation and Culture			15,740	15,740
Roads				1,230,993
Airports			17,166	17,166
Debt Service		355,364	9,117	374,340
Capital Projects			89,325	393,198
Administration			129,713	803,647
Total Expenditures	<u></u>	<u>355,364</u>	<u>879,809</u>	<u>6,888,846</u>
Excess (Deficiency) of Revenues				
Expenditures Before Transfers and				
Financing Sources (Uses)	<u>15,494</u>	<u>(332,971)</u>	<u>(194,156)</u>	<u>580,317</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds		335,527	234,296	2,815,823
Transfers To Other Funds			(146,000)	(2,815,823)
Total Other Financing Sources (Uses)	<u></u>	<u>335,527</u>	<u>88,296</u>	<u></u>
<b>Special Item</b>				
Proceeds from disposal of capital assets	<u></u>	<u></u>	<u></u>	<u>1,250</u>
Net Change in Fund Balances	15,494	2,556	(105,860)	581,567
Fund Balances - Beginning (Restated)	887,572	446,007	245,118	2,132,951
Fund Balances - Ending	<u>\$ 903,066</u>	<u>\$ 448,563</u>	<u>\$ 139,258</u>	<u>\$ 2,714,518</u>

The accompanying notes are an integral part of the financial statements.

**LOGAN COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**LOGAN COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

Net Change in Fund Balances - Total Governmental Funds	\$	581,567
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Book Value - Disposed Assets		(1,600)
Capital Outlay		722,188
Depreciation Expense		(365,302)

The repayment of principal on long-term debt consumes the current financial resources of governmental funds.

Financing Obligations Principal Payments		84,360
Bond Principal Payments		125,000

Change in Net Assets of Governmental Activities	\$	<u><u>1,146,213</u></u>
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**LOGAN COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**





**LOGAN COUNTY**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2004**

	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 19,455
Total Current Assets	<u>19,455</u>
Noncurrent Assets:	
Capital Assets:	
Vehicles and Equipment	8,632
Less Accumulated depreciation	<u>(777)</u>
Total Noncurrent Assets	<u>7,855</u>
Total Assets	<u>27,310</u>
<b>Net Assets</b>	
Invested in Capital Assets,	
Net of Related Debt	7,855
Unrestricted	<u>19,455</u>
Total Net Assets	<u><u>\$ 27,310</u></u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**



**LOGAN COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**

	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Operating Revenues</b>	
Canteen Receipts	\$ 112,466
Total Operating Revenues	<u>112,466</u>
<b>Operating Expenses</b>	
Cost of Sales	105,527
Educational and Recreational	9,477
Depreciation	777
Miscellaneous	<u>1,047</u>
Total Operating Expenses	<u>116,828</u>
Operating Loss	<u>(4,362)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Income	443
Inmate Pay From State	3,338
Inmate Refunds	<u>(3,338)</u>
Total Nonoperating Revenues (Expenses)	<u>443</u>
Change In Net Assets	<u>(3,919)</u>
Total Net Assets - Beginning	<u>31,229</u>
Total Net Assets - Ending	<u><u>\$ 27,310</u></u>

The accompanying notes are an integral part of the financial statements.

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**LOGAN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2004**





**LOGAN COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2004**

	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Cash Flows From Operating Activities</b>	
Receipts From Customers	\$ 112,466
Cost of Sales	(105,527)
Educational and Recreational	(9,477)
Miscellaneous	<u>(1,047)</u>
Net Cash Used By	
Operating Activities	<u>(3,585)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Inmate Pay From State	3,338
Inmate Refunds on Accounts	<u>(3,338)</u>
Net Cash Used By Noncapital Financing Activities	<u></u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Capital Assets Purchased	<u>(8,632)</u>
Net Cash Used By Capital and Related Financing Activities	<u>(8,632)</u>
<b>Cash Flows From Investing Activities</b>	
Interest Earned	<u>443</u>
Net Cash Provided By	
Investing Activities	<u>443</u>
Net Decrease in Cash and Cash Equivalents	(11,774)
Cash and Cash Equivalents - July 1, 2003	<u>31,229</u>
Cash and Cash Equivalents - June 30, 2004	<u><u>\$ 19,455</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Loss	\$ (4,362)
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities	
Depreciation Expense	<u>777</u>
Total Cash Used By Operating Activities	<u><u>\$ (3,585)</u></u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2004**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Property tax receivables, accounts payable, compensated absences, and donated assets, among other items, are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expenses is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Logan County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or their exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government.

Blended Component Units

**Logan County Public Properties Corporation**

The Logan County Fiscal Court appoints the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Properties Corporation. Financial information for the Public Properties Corporation is blended within Logan County's financial statements. All activities of the Public Properties Corporation are accounted for within a major (debt service) fund.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Kentucky law provides for the election of officials from the geographic area constituting Logan County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

Additional - Logan County Elected Officials

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions and; 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements (Continued)**

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, other counties for housing prisoners and transfers from the General Fund. The Governor's Office for Local Development requires the Fiscal Court to maintain these receipts and expenditures separately from the General Fund.

Occupational Tax/Net Profit Tax Fund - The primary purpose for this fund is the collection of occupational tax and net profit tax.

Public Hospital Corporation Fund - The primary purpose of this fund is to act as a reserve fund. This is the County's primary savings account.

Public Properties Corporation Fund - The purpose of this fund is to account for bond proceeds, capital construction costs, and debt service payments.

The primary government also has the following nonmajor funds: Local Government Economic Assistance Fund, Community Development Block Grant Fund, Solid Waste/ Recycling Fund, Life Skills Revolving Loan Fund, and the 911 Fund, which are presented as Special Revenue Funds.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Special Revenue Funds:

The Road Fund, Jail Fund, Occupational Tax/Net Profits Tax Fund, Public Hospital Corporation Fund, Local Government Economic Assistance Fund, Community Development Block Grant Fund, Solid Waste/Recycling Fund, and Life Skills Revolving Loan Fund are presented as special revenue funds. Special Revenue Funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

Debt Service Fund:

The Public Properties Corporation Fund is presented as a debt service fund. The debt service fund is to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3rd Saturday in April following the delinquency date.

**Proprietary Fund**

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the county's enterprise fund is charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued November 30, 1989, unless the Governmental Accounting Standards Board (GASB) adopts such FASB Statements or Interpretations.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**E. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	20-25
Buildings	\$ 15,000	10-60
Building Improvements	\$ 25,000	10-60
Machinery and Equipment	\$ 1,000	3-25
Vehicles	\$ 1,000	3-12
Infrastructure	\$ 20,000	20-40

**F. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities, however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**H. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

**I. Related Organizations, Joint Venture, and Jointly Governed Organization**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Logan County Fiscal Court: East Logan County Water District and North Logan County Water District, but the fiscal court's accountability for these organizations does not extend beyond making the appointments.



**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Related Organizations, Joint Venture, and Jointly Governed Organization (Continued)**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following is considered a joint venture of the Logan County Fiscal Court: Joint City-County Planning Commission and Board of Adjustment (Planning Commission). Logan County Fiscal Court is a participant with the cities of Adairville, Auburn, Lewisburg, and Russellville. The Planning Commission is governed by an eleven member board composed of five appointees from the Logan County Fiscal Court, three appointees from the City of Russellville and one appointee each from the cities of Adairville, Auburn, and Lewisburg. All participants are obligated to pay expenses not met by Federal and State funds on a pro rata basis.

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that creates the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Logan County Fiscal Court (Fiscal Court), in conjunction with City of Russellville (City), has created the Russellville-Logan County Airport Board (Airport Board). The Airport Board is composed of three members each from the Fiscal Court and City. On September 23, 1997, the Fiscal Court and the City guaranteed repayment of loans in the amount of \$120,000 at an interest rate of 2% per annum. The loans are for a period of ten years for the purpose of constructing capital improvements.

**Note 2. Deposits**

The County maintains deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2004, the county's deposits were fully insured or collateralized at 100% level with collateral of pledged securities held by the county's agent in the county's name.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 364,584	\$	\$	\$ 364,584
Total Capital Assets Not Being Depreciated	364,584			364,584
Capital Assets, Being Depreciated:				
Buildings	6,586,392			6,586,392
Vehicles	848,423	42,228	(10,000)	880,651
Equipment	1,338,063	120,803		1,458,866
Infrastructure		559,157		559,157
Total Capital Assets Being Depreciated	8,772,878	722,188	(10,000)	9,485,066
Less Accumulated Depreciation For:				
Buildings	(1,566,644)	(145,248)		(1,711,892)
Vehicles	(541,299)	(84,786)	8,400	(617,685)
Equipment	(659,070)	(116,319)		(775,389)
Infrastructure		(18,949)		(18,949)
Total Accumulated Depreciation	(2,767,013)	(365,302)	8,400	(3,123,915)
Total Capital Assets, Being Depreciated, Net	6,005,865	356,886	(1,600)	6,361,151
Governmental Activities Capital Assets, Net	\$ 6,370,449	\$ 356,886	\$ (1,600)	\$ 6,725,735

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 3. Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2004 was as follows: (Continued)

<b>Primary Government: (Continued)</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<u>Business-Type Activities:</u>				
Capital Assets, Being Depreciated:				
Equipment	\$	\$ 8,632	\$	\$ 8,632
Total Capital Assets Being Depreciated		8,632		8,632
Less Accumulated Depreciation For:				
Equipment		(777)		(777)
Total Accumulated Depreciation		(777)		(777)
Total Capital Assets, Being Depreciated, Net		7,855		7,855
Business-Type Activities Capital Assets, Net	\$ 0	\$ 7,855	\$ 0	\$ 7,855

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 130,438
Protection to Persons and Property	107,030
General Health and Sanitation	35,083
Roads, Including Depreciation of General Infrastructure Assets	92,751
Total Depreciation Expense - Governmental Activities	<u>\$ 365,302</u>
<u>Business-Type Activities</u>	
Jail Canteen	<u>777</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 777</u>

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 4. Long-term Debt**

**A. Bond**

On September 1, 1998 the Logan County Public Properties Corporation issued first mortgage bonds to provide funding for the construction of the Logan County Jail. The total bond issue was in the amount of \$5,140,000, with interest rates varying between 4.25 percent and 5.1 percent. Interest is payable on March 1 and September 1 of each year. At the date of sale, there was \$24,726 in accrued interest that was remitted to the Public Properties Corporation along with the bond proceeds. Funds in the amount of \$5,138,248 were deposited into the Construction Fund account. On October 7, 1998 funds were transferred from the Construction Fund account to the Debt Reserve account in the amount of \$368,988, to the Cost of Issuance account in the amount of \$51,400, and to the Sinking Fund account in the amount of \$24,725. The bond issue provides for early redemption, with 30 days notice, on or after September 1, 2008. Bonds outstanding as of June 30, 2004 totaled \$4,680,000. Future debt service requirements are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2005	\$ 224,945	\$ 130,000
2006	219,314	135,000
2007	213,435	140,000
2008	207,162	150,000
2009	200,490	155,000
2010-2014	885,498	905,000
2015-2019	635,620	1,170,000
2020-2024	295,928	1,535,000
2025	9,193	360,000
Totals	<u>\$ 2,891,585</u>	<u>\$ 4,680,000</u>

**B. Financing Obligation**

O July 1, 2000, the Logan County Fiscal Court entered into a loan agreement with the Kentucky Infrastructure Authority for \$175,917. The Fiscal Court actually drew down \$78,731. The loan was for the purpose of establishing a comprehensive recycling program for Logan County, including the cities of Russellville, Auburn and Lewisburg. The principal was \$78,731 at 2.60 percent interest for a period of ten (10) years, interest and principal paid semi-annually. Principal outstanding as June 30, 2004 totaled \$57,208. Future debt service requirements are:

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**B. Financing Obligation (Continued)**

Fiscal Year Ended June 30	Governmental Activities	
	Scheduled Interest	Principal Amount
2005	\$ 1,549	\$ 7,553
2006	1,337	7,751
2007	1,118	7,953
2008	894	8,162
2009	664	8,375
2010-2014	613	17,414
Totals	\$ 6,175	\$ 57,208

**C. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 4,805,000		\$ 125,000	\$ 4,680,000	\$ 130,000
Financing Obligations	141,568		84,360	57,208	7,553
Governmental Activities					
Long-term Liabilities	<u>\$ 4,946,568</u>	<u>\$ 0</u>	<u>\$ 209,360</u>	<u>\$ 4,737,208</u>	<u>\$ 137,553</u>

**Note 5. Short-term Debt**

In July 2003, Logan County participated in the Kentucky Association of Counties Kentucky Advance Revenue Program by issuing a note for the General Fund in the amount of \$1,475,900, with principal being due in January 2004. The County used the borrowed funds in order to meet current General Fund expenses.

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities:</u>				
Kentucky Advanced Revenue Program	\$ 0	\$ 1,475,900	\$ 1,475,900	\$ 0
Governmental Activities				
Short-term Liabilities	<u>\$ 0</u>	<u>\$ 1,475,900</u>	<u>\$ 1,475,900</u>	<u>\$ 0</u>

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 5. Short-term Debt (Continued)**

In July 2003, Logan County participated in the Kentucky Association of Counties Kentucky Advance Revenue Program by issuing a note for the Road Fund in the amount of \$67,900, with principal being due in January 2004. While the County did not use the borrowed funds in order to meet current Road Fund expenses, they were able to reinvest the funds and receive interest earnings.

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Kentucky Advanced Revenue Program	\$ 0	\$ 67,900	\$ 67,900	\$ 0
Governmental Activities				
Short-term Liabilities	<u>\$ 0</u>	<u>\$ 67,900</u>	<u>\$ 67,900</u>	<u>\$ 0</u>

**Note 6. Interest On Short-term Debt, Long-term Debt and Financing Obligations**

Debt Service on the Statement of Activities includes \$9,859 on short-term debt, \$1,757 in interest on financing obligations and \$230,364 in interest on bonds.

**Note 7. Employee Retirement System**

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple-employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.34 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.51 percent.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

**LOGAN COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2004**  
**(Continued)**

**Note 8. Deferred Compensation**

On June 13, 2000, the Logan County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, Kentucky, 40601-8862, or by telephone at (502)573-7925.

**Note 9. Insurance**

For the fiscal year ended June 30, 2004, Logan County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 10. Changes in Accounting Principles**

The county has implemented Governmental Accounting Standards Board (GASB) Statements 33, 34 and 37, as they relate to the modified cash basis of accounting as described in Note 1, which has altered the format and content of the basic financial statements.

The beginning net asset balance for governmental activities was \$3,556,832 and the beginning fund balance was \$2,132,951 for an increase of \$1,423,881 that was due to capital assets previously omitted. The beginning net asset balance of the business-type activities was \$31,229 and the beginning cash and cash equivalent balance was \$31,229.

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**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**For The Year Ended June 30, 2004**



**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**

**For The Year Ended June 30, 2004**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,218,150	\$ 1,218,150	\$ 1,322,936	\$ 104,786
In Lieu Tax Payments	104,200	104,200	157,752	53,552
Licenses and Permits	7,700	7,700	5,314	(2,386)
Intergovernmental Revenue	1,496,901	1,719,830	1,492,627	(227,203)
Miscellaneous	24,000	24,000	40,875	16,875
Interest	26,500	26,500	16,209	(10,291)
Total Revenues	2,877,451	3,100,380	3,035,713	(64,667)
EXPENDITURES				
General Government	1,949,197	1,973,279	1,862,413	110,866
Protection to Persons and Property	87,804	195,309	189,605	5,704
General Health and Sanitation	300	18,878	18,878	
Social Services	388,276	388,276	34,386	353,890
Debt Service	1,484,450	1,485,325	1,485,325	
Capital Projects		66,000		66,000
Administration	233,502	239,391	238,210	1,181
Total Expenditures	4,143,529	4,366,458	3,828,817	537,641
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	(1,266,078)	(1,266,078)	(793,104)	472,974
OTHER FINANCING SOURCES (USES)				
Kentucky Advanced Revenue Program Receipts	1,475,900	1,475,900	1,475,900	
Transfers From Other Funds	1,373,073	1,373,073	940,000	(433,073)
Transfers To Other Funds	(1,592,895)	(1,592,895)	(1,355,796)	237,099
Total Other Financing Sources (Uses)	1,256,078	1,256,078	1,060,104	(195,974)
Net Changes in Fund Balances	(10,000)	(10,000)	267,000	277,000
Fund Balances - Beginning	10,000	10,000	15,543	5,543
Fund Balances - Ending	\$ 0	\$ 0	\$ 282,543	\$ 282,543

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

**Reconciliation of General Fund Budgetary Statement To Statement of Revenues,  
Expenditures, and Changes In Fund Balances - Governmental  
Funds - Modified Cash Basis**

Total Revenues Per Budgetary Statement	\$ 3,035,713	
Less: Proceeds from disposal of capital asset	(1,250)	\$ 3,034,463
Total Expenditures Per Budgetary Statement	\$ 3,828,817	
Less: Kentucky Advanced Revenue Program Repayment	(1,475,900)	(2,352,917)
Kentucky Advanced Revenue Program Receipts	1,475,900	
Less: Kentucky Advanced Revenue Program Proceeds	(1,475,900)	0
Budgetary Statement Transfer To Other Funds		(1,355,796)
Budgetary Statement Transfer From Other Funds		940,000
Special Item: Proceeds from disposal of capital asset		1,250
Beginning Fund Balance Per Budgetary Statement		<u>15,543</u>
Ending Fund Balance Per Budgetary Statement and Statement of Revenues, Expenditures, and Changes in Fund Balances		<u>\$ 282,543</u>

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 1,377,055	\$ 1,508,055	\$ 1,716,286	\$ 208,231
Miscellaneous	700	700	1,367	667
Interest	18,541	18,541	19,082	541
Total Revenues	1,396,296	1,527,296	1,736,735	209,439
EXPENDITURES				
General Government	500	500	305	195
Roads	1,405,600	1,471,195	1,230,993	240,202
Debt Service	68,300	68,334	68,334	
Capital Projects	180,000	303,873	303,873	
Administration	332,500	273,998	187,803	86,195
Total Expenditures	1,986,900	2,117,900	1,791,308	326,592
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)				
	(590,604)	(590,604)	(54,573)	536,031
OTHER FINANCING SOURCES (USES)				
Kentucky Advanced Revenue Program Receipts	67,900	67,900	67,900	
Total Other Financing Sources (Uses)	67,900	67,900	67,900	
Net Changes in Fund Balances	(522,704)	(522,704)	13,327	536,031
Fund Balances - Beginning	522,704	522,704	522,857	153
Fund Balances - Ending	\$ 0	\$ 0	\$ 536,184	\$ 536,184

**Reconciliation of Road Fund Budgetary Statement To Statement of Revenues,  
Expenditures, and Changes In Fund Balances - Governmental  
Funds - Modified Cash Basis**

Total Revenues Per Budgetary Statement		\$ 1,736,735
Total Expenditures Per Budgetary Statement	\$ 1,791,308	
Less: Kentucky Advanced Revenue Program Repayment	(67,900)	(1,723,408)
Kentucky Advanced Revenue Program Receipts	67,900	
Less: Kentucky Advanced Revenue Program Proceeds	(67,900)	0
Beginning Fund Balance Per Budgetary Statement		522,857
Ending Fund Balance Per Budgetary Statement and Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 536,184

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>JAIL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 399,203	\$ 399,203	\$ 572,510	\$ 173,307
Charges for Services	35,200	35,200	33,566	(1,634)
Miscellaneous	36,600	36,600	38,671	2,071
Interest	900	900	805	(95)
Total Revenues	471,903	471,903	645,552	173,649
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,401,420	1,398,006	1,274,971	123,035
Debt Service	335,624	335,529		335,529
Administration	248,943	252,452	244,350	8,102
Total Expenditures	1,985,987	1,985,987	1,519,321	466,666
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	(1,514,084)	(1,514,084)	(873,769)	640,315
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds			(335,527)	(335,527)
Transfers From Other Funds	1,499,084	1,499,084	1,271,000	(228,084)
Total Other Financing Sources (Uses)	1,499,084	1,499,084	935,473	(563,611)
Net Changes in Fund Balances	(15,000)	(15,000)	61,704	76,704
Fund Balances - Beginning	15,000	15,000	15,854	854
Fund Balances - Ending	\$ 0	\$ 0	\$ 77,558	\$ 77,558

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>OCCUPATIONAL TAX/ NET PROFIT TAX FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 1,178,100	\$ 1,178,100	\$ 1,318,210	\$ 140,110
Licenses and Permits	8,500	8,500		(8,500)
Miscellaneous			10,065	10,065
Interest	4,500	4,500	598	(3,902)
Total Revenues	<u>1,191,100</u>	<u>1,191,100</u>	<u>1,328,873</u>	<u>137,773</u>
<b>EXPENDITURES</b>				
General Government	85,000	79,656	54,456	25,200
Administration	185,492	190,836	3,571	187,265
Total Expenditures	<u>270,492</u>	<u>270,492</u>	<u>58,027</u>	<u>212,465</u>
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	<u>920,608</u>	<u>920,608</u>	<u>1,270,846</u>	<u>350,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			35,000	35,000
Transfers To Other Funds	(920,608)	(920,608)	(978,500)	(57,892)
Total Other Financing Sources (Uses)	<u>(920,608)</u>	<u>(920,608)</u>	<u>(943,500)</u>	<u>(22,892)</u>
Net Changes in Fund Balances			327,346	327,346
Fund Balances - Beginning				
Fund Balances - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 327,346</u>	<u>\$ 327,346</u>

**LOGAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES - MAJOR FUNDS**  
**Required Supplementary Information**  
**Modified Cash Basis**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>PUBLIC HOSPITAL CORPORATION FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest	\$ 10,000	\$ 10,000	\$ 15,494	\$ 5,494
Total Revenues	10,000	10,000	15,494	5,494
<b>EXPENDITURES</b>				
Administration	449,301	449,301		449,301
Total Expenditures	449,301	449,301		449,301
Excess (Deficiency) of Revenues Over Expenditures Before Transfers and Financing Sources (Uses)	(439,301)	(439,301)	15,494	454,795
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			35,000	35,000
Transfers to Other Funds	(455,965)	(455,965)	(35,000)	420,965
Total Other Financing Sources (Uses)	(455,965)	(455,965)		455,965
Net Changes in Fund Balances	(895,266)	(895,266)	15,494	910,760
Fund Balances - Beginning	895,266	895,266	887,572	(7,694)
Fund Balances - Ending	\$ 0	\$ 0	\$ 903,066	\$ 903,066



**LOGAN COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2004**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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**LOGAN COUNTY**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2004**



**LOGAN COUNTY**  
**COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2004**

	<b>Local Government Economic Assistance Fund</b>	<b>Community Block Development Grant Fund</b>	<b>Solid Waste Recycling Fund</b>	<b>Life Skills Revolving Loan Fund</b>	<b>911 Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 3,138	\$ 0	\$ 78,486	\$ 15,068	\$ 42,566	\$ 139,258
Total Assets	<u>\$ 3,138</u>	<u>\$ 0</u>	<u>\$ 78,486</u>	<u>\$ 15,068</u>	<u>\$ 42,566</u>	<u>\$ 139,258</u>
<b>FUND BALANCES</b>						
Reserved for:						
Encumbrances	\$ 2,488	\$ 0	\$ 9,677	\$ 0	\$ 11,827	\$ 23,992
Unreserved:						
Special Revenue Funds	650		68,809	15,068	30,739	115,266
Total Fund Balances	<u>\$ 3,138</u>	<u>\$ 0</u>	<u>\$ 78,486</u>	<u>\$ 15,068</u>	<u>\$ 42,566</u>	<u>\$ 139,258</u>

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**LOGAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2004**

**LOGAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2004**

	<b>Local Government Economic Assistance Fund</b>	<b>Community Block Development Grant Fund</b>	<b>Solid Waste Recycling Fund</b>
<b>REVENUES</b>			
Taxes	\$	\$	\$
License and Permits			71,675
Intergovernmental	54,445	89,325	46,257
Miscellaneous	38		54,534
Interest	234		2,037
Total Revenues	<u>54,717</u>	<u>89,325</u>	<u>174,503</u>
<b>EXPENDITURES</b>			
General Government	25,500		
Protection to Persons and Property			
General Health and Sanitation	48,336		112,023
Social Services	8,625		
Recreation and Culture	15,740		
Airports	17,166		
Debt Service			9,117
Capital Projects		89,325	
Administration	10,353		20,623
Total Expenditures	<u>125,720</u>	<u>89,325</u>	<u>141,763</u>
Excess (deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(71,003)</u>		<u>32,740</u>
<b>Other Financing Sources (Uses)</b>			
Transfers To Other Funds			(146,000)
Transfers From Other Funds	54,500		
Total Other Financing Sources (Uses)	<u>54,500</u>		<u>(146,000)</u>
Net Change in Fund Balances	(16,503)		(113,260)
Fund Balances - Beginning	19,641		191,746
Fund Balances - Ending	<u>\$ 3,138</u>	<u>\$ 0</u>	<u>\$ 78,486</u>



**LOGAN COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2004**  
**(Continued)**

<b>Life Skills Revolving Loan Fund</b>	<b>911 Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$ 343,189	\$ 343,189
		71,675
		190,027
14,900	8,352	77,824
168	499	2,938
<u>15,068</u>	<u>352,040</u>	<u>685,653</u>
		25,500
	424,264	424,264
		160,359
		8,625
		15,740
		17,166
		9,117
		89,325
	98,737	129,713
	<u>523,001</u>	<u>879,809</u>
<u>15,068</u>	<u>(170,961)</u>	<u>(194,156)</u>
		(146,000)
	179,796	234,296
	<u>179,796</u>	<u>88,296</u>
15,068	8,835	(105,860)
	33,731	245,118
<u>\$ 15,068</u>	<u>\$ 42,566</u>	<u>\$ 139,258</u>

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## **COMMENTS AND RECOMMENDATIONS**



**LOGAN COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2004**

STATE LAWS AND REGULATIONS

**2004-1** The Fiscal Court Should Repay The Jail Canteen Fund \$188 For Inmate Medical Treatment

During testing of Jail Canteen Fund expenditures, auditor noted expenditure for replacement of inmate glasses at a cost of \$188, paid from the Jail Canteen. Upon discussion with the Jailer, it was noted that the fiscal court had passed a fiscal court order disallowing expenditures for inmate glasses from the Jail Fund. Medical treatment such as the replacement of glasses is required to be paid from the Jail Fund. KRS 441.045 (3) states “ the cost of providing necessary medical, dental, and psychological care for indigent prisoners in the jail shall be paid from the jail budget.” The Jail Fund may be reimbursed for medical costs as KRS 441.045 (12) states “Notwithstanding other provisions of this section to the contrary, a jail may impose a reasonable fee for the use of jail medical facilities by a prisoner who has the ability to pay for the medical care. These funds may be deducted from the prisoner's inmate account. A prisoner shall not be denied medical treatment because he has insufficient funds on his inmate account. This subsection shall not preclude other recovery of funds as provided in this section.” We recommend the fiscal court repay the Jail Canteen Fund \$188 for inmate medical treatment and for the Jail Fund to provide such medical treatment in the future.

*County Judge/Executive John Guion's Response: The Fiscal Court is fully aware if eyeglasses have to be purchased for an inmate, that it is a medical expense and must be paid from the Jail Budget. The Fiscal Court will repay the Jail Canteen Fund \$188 for medical treatment and in the future this type of expenditure will be made from the Jail Budget.*

*County Jailer Bill Jenkins' Response: I attempted to advise that eyeglasses were a medical expense, unauthorized for canteen. I agree with the auditor finding in this expenditure. There will be no further purchases for eyeglasses from the Jail Canteen Fund.*

STATE LAWS AND REGULATIONS (Continued)

**2004-2** The Fiscal Court Should Repay The Jail Canteen Fund \$1,990 For Inmate Hygiene Products

During discussion with the Jailer, auditor was notified that female hygiene items and other hygiene products were not to be purchased from the Jail Fund per order of the fiscal court, however, inmate hygiene products must be provided by the Jail Fund. 501 KAR 3:080 (10) states:

All inmates assigned to inmate living areas shall be issued or permitted to obtain the following hygienic items:

- (a) Soap.
- (b) Toothbrush.
- (c) Toothpaste.
- (d) Toilet paper.
- (e) Female sanitary supplies (where applicable).

Indigent inmates shall be furnished these items by the jail.

The Jail Fund is reimbursed these costs through inmate reimbursements. The Jail Fund in fiscal year 2002-2003 spent \$2,769 for inmate hygiene. In fiscal year 2003-2004 the Jail Fund spent \$0 on inmate hygiene. After reviewing jail canteen fund invoices, auditor determined that \$1,990 is approximately what the Jail Canteen Fund spent in fiscal year 2003-2004 for inmate hygiene products. We recommend the Jail Fund repay the Jail Canteen Fund \$1,990 for inmate hygiene products and that the Jail Fund provide inmate hygiene products in the future.

*County Judge/Executive John Guion's Response: In the future all inmate hygiene products will be bought and paid for from the Jail Fund. The Jail Fund will repay the Jail Canteen Fund \$1,990 for hygiene products paid for from the Jail Canteen Fund in fiscal year 03-04.*

*County Jailer Bill Jenkins' Response: I advised the court that hygiene items that were basic needs of all prisoners must be purchased from the Jail Fund. I was told to use canteen funds. We now have a line item in the jail budget, \$4,000, for hygiene expense.*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**







**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable John H. Guion, III, Logan County Judge/Executive  
Members of the Logan County Fiscal Court

**Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Kentucky, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 6, 2005. Logan County presents its financial statements on the modified cash basis of accounting that is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing opinions on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such opinions. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the comments and recommendations.

- Reference Number 2004-1: The Fiscal Court Should Repay The Jail Canteen Fund \$188 For Inmate Medical Treatment
- Reference Number 2004-2: The Fiscal Court Should Repay The Jail Canteen Fund \$1,990 For Inmate Hygiene Products

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen  
Auditor of Public Accounts

Audit fieldwork completed -  
July 6, 2005

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LOGAN COUNTY FISCAL COURT

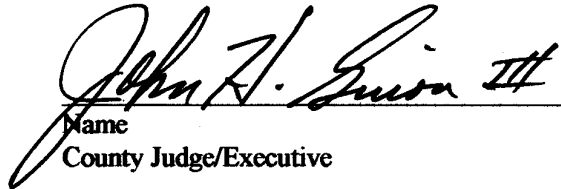
For The Fiscal Year Ended  
June 30, 2004

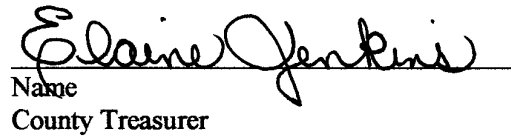


**CERTIFICATION OF COMPLIANCE**  
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS**  
**LOGAN COUNTY FISCAL COURT**

For The Fiscal Year Ended June 30, 2004

The Logan County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer